

Taking Account...

BEA Releases Summary Estimates of MNC Activity

Recognizing the strong public interest in U.S. and foreign multinational companies (MNCs) and the need for more timely information about their activities, the BEA has released accelerated estimates of key measures of MNC operations for the third straight year. The release includes advance summary estimates of employment, sales, and capital expenditures by MNCs.

The estimates indicate that worldwide employment by U.S. MNCs edged up 0.1 percent in 2004, following a 2.7-percent decrease in 2003. The 2004 increase reflected a turnaround in employment abroad by the majority-owned foreign affiliates of U.S. MNCs; their employment increased 1.2 percent, following a 0.7-percent decrease in 2003. Domestic employment by U.S. parent companies decreased 0.3 percent, following a 3.5-percent decrease. Employment in the United States by majority-owned U.S. affiliates of foreign MNCs decreased 2.9 percent in 2004, following a 3.7-percent decrease in 2003.

Worldwide expenditures for property, plant, and equipment (capital expenditures) of U.S. MNCs increased 1.1 percent in 2004, following a decrease of 2.2 percent in 2003. The increase reflected a 13.3-percent increase in

capital spending abroad by majority-owned foreign affiliates, following a 1.9-percent increase; domestic capital spending by U.S. parent companies decreased 3.2 percent, following a decrease of 3.6 percent. For majority-owned U.S. affiliates of foreign MNCs, capital expenditures decreased 1.9 percent in 2004, following a 1.5-percent decrease in 2003.

Sales by U.S. parent companies increased 5.8 percent in 2004, after a 2.4-percent increase in 2003. Sales by majority-owned foreign affiliates increased 15.0 percent, following a 13.4-percent increase. Sales by majority-owned U.S. affiliates of foreign MNCs increased 8.5 percent after a 4.4-percent increase.

Released on April 20, the estimates, with corresponding tables in .xls format, are available at www.bea.gov/bea/newsrelarchive/2006/mnc2004.htm.

BEA Economists Discuss Papers at CRIW Event

Several BEA economists discussed papers at a recent conference on international service flows sponsored by the National Bureau of Economic Research's Conference on Research in Income and Wealth (CRIW).

At the event, held in Bethesda, MD, Maria Borga discussed BEA's work on developing improved measures of cross-border

trade and sales through affiliates for insurance services, wholesale and retail trade services, and financial services.

Gabriel Medeiros, Erich Strassner, and Robert Yuskavage discussed their paper on outsourcing and imported services. They found that import competition played only a small role in the slower growth of the domestic professional and business services sector. Their paper suggested that slower real output growth and declining employment in this sector are better explained by the downturn of 2001 and a decline in demand.

Carol Robbins discussed her paper that used BEA's international surveys to develop an estimate of market transactions for the supply and use of innovation and technology between the United States and the rest of the world and an estimate of domestic supply for IP-licensing.

Lawrence McNeil discussed his paper on research and development spillovers. The paper reviewed prior literature on spillovers and evaluated modeling techniques for estimating their size.

Also, Ralph Kozlow served as the discussant for a paper about France's estimates of services imports. Raymond Mataloni was the discussant for a paper on the role of MNCs in U.S. productivity growth.